



# EXPORT-IMPORT BANK *of the* UNITED STATES

Ex-Im Bank helps U.S. companies to sustain and create jobs by financing U.S. exports.

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***Remarks to the Illinois Global Partnership***

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## **Introduction**

Thank you Richard Paullin for that fine introduction.

It's great to be here with you to talk about how the Export-Import Bank can help make your small and medium-sized business more competitive. I can't think of a more appropriate place to do so than right here in the home of Chairman Don Manzullo, one of the most forceful and effective advocates for small business in Congress, and in one of the most successful exporting districts in the nation. Chairman Manzullo, who's in Washington today, is a big supporter of Ex-Im Bank and a key player on the Bank's pending reauthorization in Congress. We have enjoyed working closely with him.

As a former owner of a small business in a competitive, small-margin industry myself, I take a personal interest in the issues central to the small and medium-sized business community. I've been in your shoes, and I know the challenges. I know what it means to struggle to make a payroll, even wondering at times whether the business would survive. I also know the satisfaction that comes when everything does work out.

I also had the privilege to serve in the Bush Administration as Assistant Secretary for Trade Development under former Secretary of Commerce Don Evans. I am delighted to be able to continue these efforts on behalf of U.S. exporters as an Ex-Im Bank board member. You should know that this mission is so important that we are just one member of the president's trade team. We work alongside the Department of Commerce, U.S. Trade Representative, Small Business Administration and other agencies with the shared mission of expanding economic opportunity through trade.

President Bush said it well last month: "Small businesses are vital to building a more hopeful future for this country. When you open up a shop or lease a factory or offer a new service, you

take a risk. Risk-taking takes vision, and risk-taking takes courage. And it's the risk-takers are people who help define the vibrancy of an economy.”<sup>1</sup>

Ex-Im Bank's particular role is to help you with some of these challenges and to assume some of these risks so that you can better compete on the world stage.

You've already heard from Mike Howard and Jan Blaho. Mike runs our Chicago regional office and Jan is our Senior Business Development officer. They've walked you through the key financial topics of working capital and how to find financing for foreign buyers.

## **Economic Growth and Export Finance**

I want to take a step back and look at the broader picture. What can we do to help make you more competitive and expand your business? How is offering this financing good for the U.S. economy?

Let's take a look at what Ex-Im Bank has done in Illinois. Since 2002,<sup>2</sup> Ex-Im Bank supported nearly \$1.5 billion in exports, helping 230 companies in 108 communities across the state. Each of the companies we worked with had the opportunity to expand their workforce as they reached new markets.

Exports continue to grow, both here in Illinois and nationally—so much so that Illinois is exporting more today than the entire nation did in the late 1960s. That's spectacular growth. The state of Illinois sends goods to nearly every country on the globe. Illinois even sent \$1.8 million in exports to Vatican City, whose population is just 935.<sup>3</sup>

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<sup>1</sup> President George W. Bush, Remarks to the Small Business Week Conference at the Ronald Reagan Building and International Trade Center in Washington, D.C., 4/13/2006.

<sup>2</sup> Fiscal Year 2002 thru 2006.

<sup>3</sup> Illinois exports from 2000-Q1 2006. Trade Stats Express, Department of Commerce  
<http://tse.export.gov/MapFrameset.aspx?MapPage=SEMapWorldDisplay.aspx&UniqueURL=rgqnuff5zaptdpettga-ddzvg-2006-5-25-13-33-58>

These exports add up and have accounted for 25 percent of U.S. economic growth during the past decade. Make no mistake, exports are making an impact and our national economy is strong as a result.

The latest first quarter figures show the gross domestic product grew at a strong 5.3 percent annual rate. Industrial production is up at a 4.5 percent annual rate. The bottom line is that the economy is putting more people to work with more than 5.2 million new jobs created since August 2003.

Exports grew at a brisk 11.5 percent rate from a year ago. That's good news. Realize that exports accounted for 10.7 percent of our GDP in the first quarter. Because the U.S. is the largest consumer market in the world, we tend to import much more than we export. What does that mean? It means there's room to grow, and therein lies the opportunity for *you*. If you're like the rest of exporters your size, you probably export to just one market. Three out of every five of your colleagues sell to just one foreign market.<sup>4</sup> We offer the tools that could help you to expand to two, three or more markets.

With global competition, U.S. companies can no longer rely solely on domestic markets for success. Increasingly, both survival and long-term success depend upon the ability to take advantage of the global marketplace.

As the president explained, "The easier it is for somebody to sell a product in somebody else's market, the more likely it is people will be able to find opportunity here in the United States of America."<sup>5</sup>

That's why Ex-Im Bank is here. Our job is to make things a bit easier for you. In particular, Ex-Im provides loans, guarantees and insurance, and it acts as a lender of last resort to ensure that U.S. companies—large, medium and small—can finance export deals that otherwise would not

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<sup>4</sup> 2004 figure. U.S. Trade Facts, Office of Trade & Industry Information, Department of Commerce. May 2006.

<sup>5</sup> President George W. Bush, Remarks to the Small Business Week Conference at the Ronald Reagan Building and International Trade Center in Washington, D.C., 4/13/2006.

go forward because of commercial or political risks. That means more high-paying jobs for thousands of workers across the country. It means more opportunity for people here in Illinois.

Ex-Im Bank can alleviate some of the difficulties you face selling your products or services in foreign markets—particularly in developing markets—where commercial sources of financing are not readily available. We can help you and your buyer obtain the credit and ensure that you get paid for your foreign shipments.

For example, right here in Rockford, we helped U.S. Filter (formerly Illinois Water Treatment) when it wanted to export water purification equipment to interested buyers in the Philippines and Thailand. The Bank's medium-term insurance allowed U.S. Filter to complete the sale that otherwise would not have happened. This helped keep manufacturing jobs right here in Rockford.

More recently, we've helped companies like W.A. Whitney export machine tools to Mexico and in just two hours I'm going to visit Aqua-Aerobics, a Rockford company that exports waste water treatment products and systems. Ex-Im Bank has helped them expand their market opportunities and we look forward to continuing our relationship with them.

We want to do even more for this vital exporting region.

### **City-State Partners**

In a few moments I will have the pleasure of signing an agreement on behalf of the Export-Import Bank making the Illinois Global Partnership an official City-State Partner with Ex-Im Bank. I'm excited about what this means for Northern Illinois and will explain why this is important and how it can help you and your business. But let me first take a moment to recognize Tess Morrison, our first City-State Partner in Illinois from the International Trade Center in Champaign. Tess, thanks for all that you do.

The City/State Partners Program brings together state, county, and local non-profit economic development agencies that have the local market knowledge. It teams them with Ex-Im Bank's

trade finance expertise and programs specifically tailored to support U.S.-based exporters. The partnership is designed to pool our respective strengths with the goal of expanding export opportunities and their benefits for—hopefully—everyone in this room.

Under the agreement, Ex-Im Bank will provide all the support and resources Illinois Global Partnership will need to work with you, including training and marketing materials at no cost. We also provide a network of lenders, insurance brokers, and other U.S. Government export resources. And we provide one-on-one trade finance counseling.

Illinois Global Partnership will stay up-to-date on Ex-Im Bank products and services. It will conduct export finance seminars and represent Ex-Im Bank at seminars sponsored by the U.S. Export Assistance Centers. It will help put exporters in touch with our trade finance specialists.

Ultimately, this partnership will make it easier for you to understand and take advantage of the many programs we offer to small and medium-sized businesses like yours.

### **Our small business program**

Our interest and commitment to expanding small business support is significant. We *want* to help finance your exports because we want to boost jobs and the economy as a whole.

In big picture terms, we authorized 2,617 transactions nationwide for the direct benefit of small business in the last fiscal year—up 21% from FY2002. In terms of dollar volume, the Bank supported \$2.66 billion in small business transactions in FY2005—up 47% from FY2002. The Bank's Working Capital Guarantee Program, which is directed primarily toward small business exporters, had a record year in FY2005. Just under \$1.1 billion went to help small business exporters.

We have made and are continuing to make a number of changes to help increase our outreach to this community and demonstrate the depth of our commitment.

Earlier this year, Ex-Im Chairman Jim Lambright created the new position of Senior Vice President for Small Business and appointed John Emens—who is here with us today—to manage this new unit with a staff focused solely on increasing small business outreach. John serves as the primary small business advocate on the staff level and works closely with the Board. In addition, the Bank’s regional offices in, California, Florida, New York, Texas and especially Illinois are now dedicated exclusively to small business outreach and support.

Small business transactions are now processed only by personnel experienced in the sector who are sensitive to the special needs of the small business exporter. All such employees throughout our business units have been designated as “small business specialists,” so that when you want to discuss a transaction with us, you will interact with personnel who are familiar to you and knowledgeable about your needs.

We have also established a Bank Small Business Committee within Ex-Im Bank to coordinate, evaluate and make recommendations for a successful small business strategy involving all of the Bank’s functions.

## **Conclusion**

So that’s what we’re doing on behalf of small and medium-sized exporters in this region and across the country. We are helping them to expand their horizons and reach new markets by offering financing options that, in the end, will lead to more jobs here in the U.S. It’s good for you and it’s good for the local and national economy.

Now it’s up to you, the entrepreneurs and the risk-takers. You’re the optimists of the world with the courage and vision to succeed. So bring us your projects and sales—No deal is too small or too large. We’d love to partner with you to help expand jobs here in Illinois through exports.

I encourage you to reach out to the US Export Assistance Center here, to Mike Howard our Regional Director, and, of course, to Ex-Im Bank’s newest City-State Partner. You can also get more information online at [export.gov](http://export.gov) and [exim.gov](http://exim.gov). [Export.gov](http://export.gov) combines information from the

president's trade team and presents it all in one convenient location. Exim.gov provides detailed information on our programs, including our new small business portal.

Thank you for your attention and the opportunity to speak to you this afternoon. Now I welcome your questions.